



STATE OF ARIZONA  
SCHOOL FACILITIES BOARD

Governor of Arizona  
Janet Napolitano

Executive Director  
John Arnold

August 13, 2007

Debbie K. Davenport  
Auditor General  
2910 North 44<sup>th</sup> Street  
Phoenix, Arizona 85008

Dear Ms. Davenport,

The School Facilities Board (SFB) staff would like to thank you and compliment your staff on the professionalism shown during the sunset audit of the SFB. We appreciate the open dialogue and the recommendations offered in the audit. SFB staff agrees with all of the findings in the audit. We offer the following comments on the recommendations.

**Finding #1**

The SFB will accept the finding and the recommendation will be implemented. However, SFB staff would point out that the Attorney General has already issued an Opinion on Inflation Adjustment of Square Footage Cost for New Construction (see Opinion #I04-011 dated December 3, 2004). Once that Opinion was received, the Board modified its policies on inflation adjustments in accordance with the Opinion. We have worked with our assigned assistant attorney general to ensure that our policies conform to the statute, rules and the existing Opinion. Therefore, SFB staff believes that asking for an additional Opinion is extraordinary and repetitive. However, SFB staff will request another formal opinion as recommended.

**Finding #2**

The SFB staff agrees with this finding but cannot implement the recommendation. Further, the SFB staff disagrees with the stated purpose of the recommendation. While the unpredictability of the provided building renewal appropriations has created district management difficulties, the key purpose in modifying the building renewal formula should be ensuring that sufficient resources are provided to maintain facilities at the appropriate levels. With the creation of Students' FIRST, the Court transferred the responsibility to maintain the existing school inventory to the State. That inventory, consisting of over 10,000 buildings and 110 million square feet, is a vital asset to the State that must be properly maintained.

By ignoring the wide ranging differences within that building inventory, the current formula misallocates resources causing some districts to be over funded in their building renewal needs

and others to be potentially under funded. SFB staff agrees that the current system should be studied and modified, but not with the intent of easing management. The purpose should be to find a system that will appropriately fund the required maintenance and building renewal.

**Finding #3**

SFB staff agrees with the finding and will implement the recommendations. In the course of reviewing building renewal expenditures, the SFB staff and Board will have to determine appropriateness for expenditures that are not specifically clarified by statute. For example, the report suggests that both playground equipment and irrigation improvements are inappropriate expenditures. Depending on the specific nature of the expenditure, SFB staff believes that both of these expenditures would be considered either an upgraded system or an infrastructure cost and would therefore be appropriate.

**Finding #4**

SFB staff agrees with this finding and will implement the recommendations.

**Finding #5**

SFB staff agrees with this finding and will implement the recommendations.

As stated above, the SFB will work to implement all the recommendations in the report. We look forward to working with your staff during that process.

Sincerely,

John Arnold